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RR RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN
DE RUEHLG #0017/01 0090805
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FM AMEMBASSY LILONGWE
TO RUEHC/SECSTATE WASHDC 4947
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0069
RUEHCN/AMCONSUL CHENGDU CH 0005
RUEHGZ/AMCONSUL GUANGZHOU 0013
RUEHHK/AMCONSUL HONG KONG 0021
RUESLE/AMCONSUL SHANGHAI CH 0006
RUEHSH/AMCONSUL SHENYANG 0004
RUEHIN/AIT TAIPEI 0040

UNCLAS SECTION 01 OF 02 LILONGWE 000017

SIPDIS

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AF/S FOR ELIZABETH PELLETREAU

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [TW](#) [CH](#) [MI](#)

SUBJECT: MALAWI: FOREIGN MINISTER SAYS CABINET HAS NOT
CONSIDERED SWITCH FROM TAIPEI TO BEIJING YET

REF: TAIPEI 17

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11. (SBU) SUMMARY: On Jan. 7, Ambassador met with Foreign Minister Joyce Banda to discuss the much-reported impending switch of recognition from Taiwan to the People's Republic of China. While confirming press reports that two ministers had made two exploratory trips to Beijing, she said the ministers had yet to brief her on the meetings and cabinet had not considered the topic. The Foreign Minister believed published reports were all coming from Taiwan sources. Banda said she would be meeting with President Mutharika on Jan. 8 and perhaps he would bring her into the loop on the topic. Malawi has recognized the government in Taipei for 43 years and Taiwan is a major aid partner whose absence would leave holes in health, agriculture, and military assistance in Malawi. Taiwanese mission contacts have already approached USG personnel about possibilities of continuing their aid projects if they are forced to leave the country. While press reports tout a \$6 billion USD enticement package from China as the temptation to switch, this mirrors development cost estimates of Mutharika's pet project, the Shire-Zambezi waterway. The nervousness of the Taiwanese, both in Malawi and Taiwan, the refusal by Mutharika to see FM Huang, and the confirmation of two exploratory trips by ministers close to the President seem to confirm that Malawi is as close as it ever has been to switching to Beijing. END SUMMARY.

12. (SBU) On Jan. 7, Ambassador Eastham met with Foreign Minister Joyce Banda to discuss the much-reported potential switch of recognition from Taipei to Beijing. FM Banda confirmed that Mutharika gave permission for two ministers, Henry Chimunthu Banda and Davies Katsonga, to travel to Beijing to discuss strengthening relations with the PRC. Banda said the government of Malawi believed it was acceptable to talk to another member of the United Nations and assess the situation. (Comment: Katsonga, the Minister of Presidential and Cabinet Affairs, and Chimunthu Banda, the Minister of Energy and Mines, are, in the Malawi context, heavy hitters. Chimunthu Banda is leader of Government business in the National Assembly and Katsonga's stock at State House has risen sharply in recent months, after he chaired the organizing committee for the late Mrs. Mutharika's funeral in June. Among the cabinet, only Finance Minister Gondwe has more influence with the President. End Comment) Foreign Minister Banda continued that the ministers

had made a second follow-up trip to Beijing. She commented that she had requested a briefing from Katsonga after both trips but had yet to receive it. She said she would be meeting with Mutharika on January 8 in Blantyre and believed the topic would be on the agenda. Banda said a decision such as switching to Beijing should also first be brought to cabinet and thus far the topic has not been discussed. As far as press reports, some of which quote an anonymous source in the Ministry of Foreign Affairs, Banda believed that the Taiwanese were giving information to the press.

¶3. (SBU) Malawi has recognized Taiwan for 43 years and as recently as two years ago, President Mutharika was appealing for Taiwan's full entry into the United Nations during his address to the UN General Assembly. Furthermore, Malawians have noted that Mutharika's political party, the Democratic Progressive Party, took the Taiwan ruling party's name and is rumored to receive funding as well from that source. A pending anti-corruption case against former President Bakili Muluzi is founded on documentary evidence of payments into the seven-figure USD range to Muluzi from official Taiwan bank accounts.

¶4. (SBU) Taiwan's exact official aid levels to Malawi are not published and do not appear on the government Annual Debt and Aid Report, but according to our reckoning consists (recently) of at least:

- \$2 million USD to the Malawi Defense Force for equipment to support the deployment to Darfur;
- \$14 million USD grant and a loan of \$25.3 million USD for the completion of a new Parliament building complex;
- an undefined sum for upgrading and paving (by a Taiwanese firm) the Karonga-Chitipa road in Northern Malawi;
- building, staffing, and operating the Mzuzu Central Hospital;

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- four used locomotives for the Central East Africa Railway;
- four ex-U.S. UH-1 helicopters (stalled due to sustainment issues);
- patrol boats for Malawi Defence Force activities on the lake (stalled due to difficulties with Mozambique permission to move the boats across Mozambique to Malawi);
- numerous irrigation and agriculture projects;
- and frequent highly-publicized donations of vehicles and computers to various Malawi entities.

Taiwanese Department of Health officials in Malawi have already approached the U.S. Center for Disease Control director to inquire if the USG could take over some of Taiwan's health care projects if they are forced to leave.

¶5. (SBU) COMMENT: Press reports tout an offer of USD 6 billion from China. We doubt this is accurate, as it first appeared in an unreliable internet "news" site funded by Muluzi's party and amounts to something over four times Malawi's annual government budget. From this side, it appears to be a number linked to the original stated cost for Mutharia's Shire-Zambezi waterway project to connect the Shire river in Malawi through the Zambezi to Indian Ocean ports in Mozambique. It also is similar in magnitude to the recently-announced PRC fund for the Democratic Republic of Congo. More realistic press reports say the Chinese have promised to fund a multi-million dollar stadium, a youth center, a science and technology university, and take over funding of all of Taiwan's projects. The first three of these are dear to the President's heart.

¶6. (SBU) COMMENT CONTINUED: This has the air of truth to it. We have noted in recent months that Malawians (government and private sector) have begun to debate the cost/benefit balance of sticking with Taiwan in the face of the PRC's rapid rise and its much higher profile in Africa. In summary, we believe that Katsonga and Chimunthu Banda are

pushing in favor of the PRC. The Foreign Minister is pushing back with her procedural insistence on a Cabinet decision. Mutharika's refusal to see Taiwan's Foreign Minister (explained inadequately with a statement about the short notice of the request and the fact Mutharika is on vacation at the moment) should be a very large red flag for the Taiwanese toward the direction this is likely to go. Though the decision to switch or stay with Taiwan will be controversial, in the end, whatever number the PRC has put on the table will be the key factor in the eventual decision.

END COMMENT.

EASTHAM